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SUPPORT FOR LEBANON'S ACCESSION TO THE WORLD TRADE ORGANIZATION (WTO)

The Way Forward 2011-2012

SUPPORT FOR LEBANON'S ACCESSION TO THE WORLD TRADE ORGANIZATION (WTO) PROJECT

May 5, 2011

This report was produced for review by the United States Agency for International Development. It was prepared by Pascale Aramouny, Violane Konar-Leacy, Patrick Rader, Zouha Sakr, Cheryl Steele, and Roudaina Yared of Booz Allen Hamilton.

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WORLD TRADE ORGANIZATION PROJECT

CONTRACT NUMBER: EEM-I-00-07-00007-00

TASK ORDER NUMBER: 04

FROM: BOOZ ALLEN HAMILTON

TO: USAID/LEBANON OFFICE OF ECONOMIC
GROWTH

MAY 5, 2011

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I. BACKGROUND

Booz Allen and USAID conducted an internal review of the Support for Lebanon's Accession to the WTO Project (the project) from January through March 2011. After one year of implementing the three-year, \$3 million dollar project, the review team assessed the progress to date and the Government of Lebanon's (GOL) commitment to the WTO accession process. The review was necessary given the long paralysis of the GOL that culminated in the collapse of the national unity government on January 12, 2011. Given the circumstances, our goal was to reorient our work within the scope, cost and period of performance of the existing task order.

The redesign document was to contain the following elements:

- Assessment of current development need
- Technical approach and implementation methodology
- Potential impact/Expected result
- Performance measures by task
- Staff configuration required
- Illustrative budget by tasks

The review team was composed of Cheryl Steele, Violane Konar-Leacy, Roudaina Yared, Pascale Aramouny, Zouha Sakr and Patrick Rader from Booz Allen Hamilton. The team worked closely with Mark Wilt (USAID Contracting Officer's Technical Representative (COTR)) during the review and on the formulation of the recommendations in the next section. From December thru March, Booz Allen reviewed the project scope of work, tasks, activities, and indicators with government counterparts, the private sector, and other donor projects operating in Lebanon. In addition, a standalone assessment of Lebanon's business enabling environment for trade was conducted during February¹. The review was also informed by the MOU between the GOL and the United States on "Technical Assistance in Support of Lebanon's Accession to the World Trade Organization", signed by the USAID Mission Director and the Ministry of Economy and Trade on December 13, 2010. As this was not a full-scale evaluation, the team did not focus on documenting the past.² Rather, concentration was on formulating concrete recommendations and producing a document with the elements noted above.

USAID designed the project to help Lebanon build linkages to the global economy and expand commercial opportunities for local businesses. According to original project documentation, it was also intended to support the creation of efficient and informed legal institutions capable of handling increased economic activity; guarantee access to foreign markets and stable rules governing trade and investment; contribute to an increase in trade and investment volumes; improve access to advanced production technologies; expand consumer choice; and secure access to trade dispute resolution mechanisms.

The portion of USAID's strategic framework³ to which the project will contribute is as follows:

Assistance Objective 2: Revenue Increased in Selected Value Chains

¹ Overview of Import/Export Processes: A Comparison of Select Value Chains (March 11, 2011)

² Please refer to Project's First Year Annual Report of December 2010 for further detail on project activities and outcomes in year one.

³ USAID's framework is currently being modified. We will alter our activities and PMP as required to contribute to the new framework.

IR 2.2: Laws, regulations, procedures relevant to economic growth adopted

IR 2.2.1: Advocacy of private sector, civil society and local government increased

IR 2.2.2: Improved Government Capability to Perform and Implement Policy Analysis

The project will focus primarily on IR2.2.1 by working with the private sector whereas in the past IR2.2.2 was the primary focus as the project worked mainly with the GOL.

Originally, the project had four tasks:

Task 1: Provide Technical Support to GOL for WTO Accession

Task 2: Assist and Support the Implementation of Key WTO-Related Policies, Laws and Regulations

Task 3: Provide Training to Build Lebanon's Technical and Institutional Capacity Related to WTO

Task 4: Raise Awareness for WTO Accession within the Public and Private Sector

In the section below, these tasks have been shaped to conform to existing circumstances in Lebanon to form a cohesive development program for improving Lebanon's trade and investment environment.

II. Recommendations

After conducting an extensive review as described in the section above, the team recommends to USAID that all activities strictly related to WTO accession which require GOL action be suspended until USAID and Booz Allen determine that meaningful impact can be achieved by undertaking them. This overarching recommendation primarily affects Task 1. This recommendation significantly affects the original strict project focus on helping Lebanon accede to the WTO. However, it does not mean that all activities in each of the four tasks must be stopped. We recommend a nuanced approach to the four tasks that emphasizes the following:

- private sector focus
- engagement of local business association, NGOs, and firms to enhance their capacity
- activities that enhance near-term trade facilitation
- improvement of public and private sector ability to work in partnership to improve the enabling environment in the long term

It is important to note that while our recommendations emphasize moving away from our past focus on the accession process (Task 1), our emphasis moving will continue to improve Lebanon's ability to accede to and compete in the WTO by emphasizing the other tasks where immediate gains can be made. The subtask that we propose are consistent with the requirements of the WTO Agreement on Technical Barriers to Trade, The WTO Agreement on the Application of Sanitary and Sanitary measures and the WTO Agreement on Licensing (mainly the activities related to the establishment of the TBT and SPS enquiry point and the regulatory reform task dealing with SPS and TBT).

In addition, the subtasks related to Regulatory Impact Analysis (RIA) and the Trade Information Center fall under the requirements of article X of GATT. Indeed, timely, accurate and easily accessible information on trade laws, applicable fees and charges, customs regulations, and related judiciary mechanisms is essential for lending transparency and predictability to and promoting the efficiency of international commercial transactions by private traders, which are

often small and medium enterprises (SMEs), particularly in developing countries. Dynamic growth in world trade and technological innovation require governments to adapt their trade laws and Customs regulations and operations to meet these challenges in order to derive maximum benefits from multilateral trade. Article X of GATT 1994 (Publication and Administration of Trade Regulations) sets out comprehensive transparency obligations for WTO Members and vis-à-vis their trading communities. It lists the type of publications and measures that governments must make available to the trading community and prohibits enforcement of modified and new measures prior to publication. It also calls for non-discrimination in administering trade regulations and for judicial redress through independent appeal mechanisms.

A. Overarching Technical Approach

To achieve our goals for the project, we will channel the energy and natural incentives of a diverse set of actors from different political backgrounds to implement mutually beneficial activities that enhance their capability to improve the legal and regulatory climate long after the project ends. Employing and empowering business, civil society, and government (where there is will) is essential to every task of the project. The project will bring together diverse stakeholders and different majority and minority groups that have a shared interest to improve Lebanon's trade regime as it integrates more fully into the global economy. We will support this empowerment with a Strategic Initiatives Fund (SIF) to engage business and civil society in partnerships to implement the project's work plan, thereby transferring tools and techniques that develop the capacity of local individuals and entities (see [Section II.B.5 Strategic Initiatives Fund](#) for details on how the SIF will operate across tasks). We will also work to harness the natural tension that exists between business, civil society, and government in addressing issues and develop and implement solutions with them that have been forged in partnership. Drawing on the best that each has to offer and striking a *balance of interests* is the optimal way to implement the project and characterizes our approach moving forward.

B. Technical Activities

In order to address the issues we discovered during our review, we recommend the following alteration of the language for the four tasks of the project:

Task 1: Provide technical support to the GOL for WTO accession (suspended)

Task 2: Support the creation of a sound legal and regulatory environment for trade

Task 3: Increase technical and institutional capacity for trade

Task 4: Implement Communications Strategy and Implementation Plan

Task 1 has been partially suspended. Tasks 2 and 3 have been refocused and renamed to reflect current emphasis. An explanation of the new emphasis of the project is presented below.

Tasks 2 and 3 are very much related; so much so that the subtasks could be grouped under one common task. They are presented separately to emphasize the focus of each but they will be implemented in a coordinated manner. Task 2 will focus on tools, techniques, and processes that *people* use to create an enabling environment that strikes a balance between government's mandate to protect its citizenry and the profit motives of business. Task 3 is focused on public and private sector institutions. Task 4 will support all tasks, including Task 1 should it be reactivated.

B1. Task 1: Provide technical support to the GOL for WTO accession

This task has been indefinitely suspended. The tasks enumerated in Section III. may be activated upon consultation with USAID and/or at the request of USAID. There is currently a request pending with USAID to activate sub-task 1.5 Support the GOL in its efforts to meet its obligations under the TRIPS agreement that is being considered.

B2. Task 2: Support the creation of a sound legal and regulatory environment for trade

Development Need

We found the rulemaking process related to economic activity in Lebanon to be opaque. Focusing on the trade regime, one can say that customs procedures are generally sufficient but complying with regulations promulgated by Ministries are a primary cause of confusion and corruption, especially for importers. Confidential discussions with businesses and government officials confirmed a frustration with the requirement to comply with ministerial/Council of Ministers decisions where the intent is unclear. Customs does not control these decisions and must only implement them. The decisions are examples of Non-tariff Measures (NTM) in the form of Technical Barriers to Trade (TBT). TBTs refer to technical regulations that set out specific characteristics of a product, such as its size, shape, design, functions and performance, or the way a product is labelled or packaged before it enters the marketplace. Included in this set of measures are also the technical procedures which confirm that products fulfil the requirements laid down in such regulations.

All these measures usually serve legitimate goals of public policy – e.g. protecting human health and safety, or the environment. At the same time, products' mandatory standards and other TBT have an important influence on market access and the export performance of businesses. They can be costly and burdensome by design or effect and restrict international trade.⁴

Addressing this issue in the near term can reduce the time, cost and corruption related to import/export transactions and, over the long term, provide a stepping stone for systemic reform related to all economic activity. We will use the following definitions in this document:

Regulation: refers to the diverse set of instruments by which governments set requirements on enterprises and citizens. Regulations include laws, orders and rules issued by all levels of government and by non-governmental bodies to whom governments have delegated regulatory powers. Regulations fall into three main categories: economic regulations, social regulations and environmental regulations. For this document, *regulation* refers to decisions that do not require Council of Ministers approval to alter/change/eliminate. The project's focus will be primarily on "decisions" as these require the approval of only a single Minister to move forward.

Regulatory Impact Assessment (alternatively referred to as Regulatory Impact Analysis): a systematic process for assessing the significant impacts (positive and negative) of a regulatory measure. The assessment may relate to likely impacts of a

⁴ WTO website.

regulatory proposal (*ex ante*) or the actual impacts of an existing regulatory measure (*ex post*).⁵

If the time horizon for the project were longer, the ultimate goal of the activities related to this task would be a systemic reform of Lebanon's regulatory regime, which goes beyond import and exports. The reason for this is that inefficiencies in Lebanon's regulatory regime translate to a decrease in its competitiveness in the global economy, which would be exacerbated by accession to the WTO. The goal would be accomplished through the development and implementation of a comprehensive policy for rulemaking that includes:

- Mandatory use of RIA to analyze regulations at the national and local level *before and after* they are enacted.
- Ex ante RIAs to evaluate the efficiency of regulations after they have been in effect for a year, and again after three-years to establish whether the original goal of the regulation is being achieved. The key to successful RIAs is the development of success indicators into the regulations so that the original intent of the regulation can be measured empirically by the government and private sector.
- Requirements for publication and discussion of all laws and regulations, with severe penalties for violation.
- Mechanisms by which the private sector and civil society can challenge laws and regulations. This includes pursuit of grievances through the court system as well as administrative penalties for government entities that violate procedural rules such as requiring that all proposed laws and regulations be gazetted, mandatory discourse with the public over proposed regulations, etc.

In development lexicon, the result would be a *transparency in governance* policy that would address the corruption that permeates all economic activity in Lebanon. Although the project is constrained by time and resources, it can lay the groundwork and increase the capacity of the public and private sectors to implement such a policy in the future by focusing on its core elements through implementation of the tasks presented below.

Proposed Interventions

Subtask 2.1 Increase the use of cost/benefit analysis (RIAs) in the creation of rules for economic activity

As a targeted initiative designed to penetrate the opaque rulemaking process in Lebanon, the project will work with the World Bank, UNDP, Customs, the Industrial Research Institute, Ministry of Economy and Trade, Ministry of Agriculture, Ministry of Health, and the private sector to analyze NTMs/TBTs as related to ministries (ministerial decisions).

The World Bank has recently catalogued Ministry-related requirements (decisions) for its regional study of NTMs and their effect on trade, and shared them with the project. We have had concrete discussions with Olivier Cadot, the World Bank project manager in Washington, D.C.,

⁵ Regulatory Impact Assessment in Developing and Transition Economies: A survey of Current Practice. Centre on Regulation and Competition, Institute for Development Policy and Management, University of Manchester, June 2004.

and he is interested in deepening their effort by having the project work with the private sector and government. They are especially interested in the idea to develop a *Regulatory Reform Toolkit* for use by the public/private sector to use globally for the analysis of NTMs. According to the Bank, their work is more academic and they expressed excitement about the possibility to work with the project to “ground truth” hypotheses.

The following methodology will be used in subtask 2.1 and 2.2. For each participating ministry, we will form a public/private sector working group (WG) of ten to fifteen stakeholders and engage one NGO, business association, etc. (the *Implementing Partner*) to facilitate the WG meetings, prepare reports, conduct general administrative duties, and provide analytical support to each WG through a subcontract issued under the SIF. Please refer to [Section II.B5](#) for details on how the SIF will operate using **full and open competition** principles. The WGs for each ministry will be comprised of private sector businesses, associations such as the American Lebanese Chamber of Commerce, CCCIB, civil society NGOs, think tanks, and the department(s) within the ministries with authority over the NTMs. Participation will be on a voluntary basis unless additional work is required such as preparation of cost/benefit analyses by a participating think tank or additional research required that goes beyond the ordinary work of the WG.

Experts from the project will work with the Implementing Partner to guide the WGs in the review of NTMs for legality, conformity with international norms (or being based on science if not), efficiencies, and balance between being business friendly and protecting the public. The WGs will meet once per week for two hours after work or on weekends to review the NTMs using basic cost/benefit analysis techniques that will become more sophisticated as the knowledge and comfort level of the WGs grows. This judgment will be made by the project with the implementing partner. In some cases, we may also use the SIF to engage WG members for additional analysis/research required to analyze the NTMs being reviewed. The Implementing Partner and project staff will help the WGs draft a report with recommendations to the management of the ministry to take action. The recommendations will be supported by the CSIP (Communication Strategy and Implementation Plan) targeting people within the ministry that have the authority to take action on the recommendations as well as a larger group of stakeholder that are affected by the NTMs in Beirut and the regions of Lebanon.

The intent of the CSIP is to take the targeted effort of the WGs and broaden its impact through involving a broad array of the private sector to provide lessons learned for replication, generation of enthusiasm for USAID’s effort, bring the private sector together around specific issues to advocate for reform, and take a step towards the system reform of the trade-related regulatory regime required in Lebanon. Through the SIF we will engage not only WG members to implement the CSIP but also involve the broader private sector stakeholders affected by the NTMs that were reviewed, or interested in the results for other reasons (journalists, other associations, NGOs, donors, etc.). CSIP tasks may include seminars, workshops, articles in prominent journals, newspaper articles, TV PSAs, radio interviews with experts from the WGs, etc.

Subtask 2.2 Develop tools and techniques for sound rulemaking

Anticipating a positive experience of *Subtask 2.1*, we will slightly lag the implementation of this subtask as we attempt to broaden the impact and reach of using cost/benefit analysis in the rulemaking process. While the impact of altering a regulation to be more business friendly can be

measured through a baseline and follow on survey conducted by independent entities, there is an opportunity for the project to influence rulemaking for imports/exports in Lebanon well beyond the project end date (and beyond NTMs) by promoting Regulatory Impact Analysis (RIA) as critical instruments for the private sector and government to use in creating a balanced business environment.

The first step in this process is to conduct a quick survey of business on the top three to five regulatory spheres that inhibit trade. These will go beyond the NTMs identified above and could be sector related or cross sectoral, such as regulations related to transportation or communications. Five WGs will be formed around the spheres and they will operate and be administered as per *Subtask 2.1*. Among our top candidates for inclusion in this subtask as well as subtask 2.1 are think tanks such as the Lebanese Economic Association (LEA), the Lebanese Center for Policies and Studies (LCPS) and universities. These entities generally lack the resources and *know-how* to produce quality cost/benefit analyses, but are the likely repositories of this skill in the future. We will issue RFPs under the SIF to offer opportunities for them to participate in the WGs to build their capacity to produce quality RIAs, provide training to business associations, NGOs, and other interested parties. By the end of year 2, new partners and original partners should be able to sell their services to public or private sector entities wishing to engage them for development of RIAs, position papers, etc. used for engaging government in dialogue on specific regulations or the overall business environment.

As per above, at the conclusion of the WGs work, we will use the SIF to subcontract with associations, NGOs, and think tanks to engage with government using RIAs through the sponsorship of public debates, roundtables, press events, and other advocacy initiatives through the CSIP in *Subtask 4.2*. For instance, for a regulation that is particularly onerous we may sponsor regional workshops in the three largest cities to inform, validate, and add to WG report. At the conclusion, if our CSIP target is a particular minister, we may include a national level event with press coverage in order to help the private sector “pressure” authorities for reform. In 2011, this work will be undertaken in close cooperation with the project. By the second year, SIF subcontract SOWs will be written so that as the stakeholders grow in capability, they assume greater roles in the implementation of the subtasks with less “hand holding” from the project. Over the long-run, this graduated approach will improve the ability of business and civil society to engage government in thoughtful dialogue on pending and existing laws/regulations, and implement advocacy initiatives. Through our efforts, they will have the ability to challenge and/or validate the assertions made by government counterparts to justify a regulation. Unlike the current situation, the debate will be centered on facts, not politics or unsubstantiated observations, and the private sector and civil society will be fully prepared for the challenge. The longer term goal is very much related to the institutional development goals of Task 3 so we would like to provide a concrete linkage in the form of a *Regulatory Reform Toolkit*. The Toolkit will be a culmination of our work in this area that can be used by public and private sector entities after the project closes.

The *Toolkit* will be used as an important and unique aspect of our efforts to increase transparent governance related to the trade regime. Through the implementation of *Subtasks 2.1 and 2.2* we will work with our public and private sector implementing partners to progressively elaborate a *Toolkit* for Lebanon. It will include:

- detailed guidelines for RIA analysis based on internationally recognized methods for adopting regulations
- clear criteria for assessing the quality of RIAs
- process maps, procedures, contact information, etc. for each ministry included in our work under Tasks 2 and 3
- case studies based on the work of the WGs that demonstrate best practices for the use of RIA in Lebanon
- lessons learned by the WGs

Using the *Toolkit* as a basic template for a training course, we will work with our implementing partners from *Subtasks 2.1 and 2.2* to provide training to those entities that did not participate. This will expand the readiness and ability of the private sector to protect its rights and interests. Should political will exist; the *Toolkit* will serve as the centerpiece for training government officials from key ministries that promulgate TBTs/NTMs and administrative rules that affect trade in general. Should the project be extended, our goal would be to develop units within each ministry that can create quality RIAs and have the internal administrative authority to do so.

Expected Results

Expected Results 2.1: Increased use of internationally recognized cost/benefit methodologies in analyzing NTMs by the public and private sectors

Expected Results 2.2: Private/public sector entities increasingly use tools and techniques from the Regulatory Reform Toolkit in dialogue

Performance Measures

- Decrease in number of Ministerial decisions that negatively affect business either through elimination or modification
- Amended decisions include effectiveness indicators developed by the public and private sector so that the goal of an order can be evaluated after a year
- Independent baseline and follow-on surveys conducted with program participants that show an increase in ability and confidence to engage government in dialogue on rulemaking
- Independent baseline and follow-on surveys that show an increase in the general business communities knowledge of how rules are promulgated and how they can participate in the process

B3. Task 3: Increase technical and institutional capacity for trade

Development Need

As stated previously, Tasks 2 and 3 are very much related. Task 2 focuses on tools, techniques, and processes that people use to create an enabling environment that strike a balance between the government's mandate to protect its citizenry and the profit motives of business. Task 3 focuses on public and private sector institutions, where institutional weaknesses are greatest.

USAID is currently working to evaluate whether engaging customs and other ministries is covered under currently MOU with GOL or whether USG-led outreach to other ministries is required.

Public Sector

The primary counterpart of businesses that import/export is Customs⁶. Interviewees generally considered Customs' processes and procedures to be adequate. However, the lack of properly trained Customs officials was raised by both the private sector and Customs management. Deficiencies include rules of origin, customs valuation, enforcement and risk assessment. While there is know-how within Customs for the implementation of the system, the primary problem is the lack of training technology for the delivery of the knowledge and incorporating changes into an ongoing training program. As such, Customs officials requested assistance in using state of the art adult learning methodologies to develop training modules on rules of origin, valuation, enforcement, and risk assessment. The last module is particularly important as the ratio of 60/40 green/red line (nothing to declare/goods to declare) performance applied in Lebanon is not consistent with best practices.

A significant increase in the public outreach and education on the rules and requirements for importing and exporting is in dire need. During our interviews we found that there is a great deal of confusion on the requirements for importing and exporting. Moreover, our follow-on research confirmed that there is no single document that contains all requirements and procedures related to import and export. It takes an extremely long time to gather complete information from multiple sources and instructions or explanations of requirements are often vague and not easily understood. Customs does a fairly good job at updating legal documents, but the information is not normally disseminated further. The private sector is extremely interested in information that will help them access foreign markets. Increasing the availability of accurate information will increase foreign trade.

Customs management has indicated its interest in working with us on information dissemination as they see it as a major stumbling block for their operations. One of Customs' motivations is that better informed business will be easier to work with during customs clearance procedures. It is possible for us to assist in this task through implementation of the CSIP by engaging associations and media channels thru the SIF. For instance, we can subcontract to an association to develop material on customs procedures for its members and other associations. This material can then be adapted and disseminated by Customs through its website and other channels, or even disseminated thru joint press events, workshops, etc. with Customs and one of our private sector implementing partners.

UNDP is beginning a new customs project in the fall 2011 funded by the EU. Both the EU and UNDP expressed interest in working with the project on information dissemination as they have also broadly identified lack of knowledge as a major gap in the trade regime.

Private Sector

There is an urgent need to address the issue of lack of transparency regarding SPS and TBT requirements for Lebanese exports. Private sector representatives asked the project to provide them with examples of functioning models from other countries on how the private sector keeps itself informed and updated about export regulations vis-à-vis their major trading partners. The major problem that faces Lebanese exporters is difficulty in knowing the regulation of their target export market and how to comply with such regulations. It was suggested that a Trade

⁶ USAID is currently making a determination if work with Customs requires an MOU with them or if the current MOU with the GOL is sufficient.

Information Center be managed and established at the Chambers of Commerce, whereby all TBT and SPS information relevant to Lebanese exports to target countries will be available. The TIC will only cover those markets of importance for Lebanese exports. We are currently undertaking a two week assessment to determine specifically what is required, how it is to be delivered, and the cost structure required for it to be sustainable. As per the STTA SOW for this work, a report will be delivered on May 10, 2011 that elaborates on these issues.

Proposed Interventions

Subtask 3.1 Establish TBT Enquiry Point (EP) at LIBNOR

This subtask will be primarily implemented through ongoing assistance from Diane Thompson and the agreed upon scope of work. The enquiry point is a WTO requirement that aims to provide importers into Lebanon with all the **TBT requirements applied in Lebanon**. The purpose of this enquiry point is to facilitate /increase imports into Lebanon.

Subtask 3.2 Establish SPS EP at the Ministry of Agriculture (TBD)

This subtask is desperately required to provide businesses with required information, but there are nuances. In the past, the Ministry of Agriculture (MOA) leadership has been Hezbollah oriented. This leadership has been reluctant to work with USAID funded projects. We propose attempting this subtask due to its importance, but we recognize that we may need to suspend activity if there is no support from MOA. Since the EP is a WTO requirement, the GOL has to assign this role to a public or private entity. The GOL has already notified the WTO members that the MOA will play this role. (Note that the GOL could have chosen the chambers to be the SPS EP, but selected the MOA). The Chamber could include such information into their TIC portfolio, as long as this EP is not operating.

Subtask 3.3 Establish Trade Information Center

The project will establish a trade information center (TIC) hosted at the Chamber of Commerce, Industry & Agriculture of Beirut & Mount Lebanon (CCIB) which would partially address the transparency issue and thus would positively impact exports volume. If USAID concurs, we will produce a feasibility study through undertaking the following tasks:

- Develop outline of feasibility study with the Chamber and USAID while concurrently conducting a quick best practice review of how other, comparable countries assist their exporters in the areas noted above;
- Identify beneficiaries and potential contributors to the TIC in Beirut and the regions;
- Interview exporters, service providers, government, and other donors in Lebanon to assess interest and needs;
- As part of the feasibility study, develop a cost estimate for the establishment and continued maintenance of such the TIC in order to provide a framework for decision making regarding the establishment of the TIC;
- Present the analysis to USAID and once approved present the analysis to the Lebanese Chamber and other interested stakeholders.

Should the implementation of the TIC be feasible, we will develop a plan of action with stakeholders in Beirut and the regions, identify responsibilities, obtain written commitments, and execute over a six month period. As part of this work we will seek to discover effective means to reach rural areas using CCIB's network and others.

Subtask 3.4 Increase the capacity of Customs to administer trade regime (TBD)

We will develop in cooperation with Customs up to five training modules to provide ongoing professional development. Adult learning and Train-the-Trainers techniques will be used so that the modules can be integrated into Customs' core professional development and evaluation program. The target audience for these modules has been roughly estimated at around 400 officials. Booz Allen has on staff several hundred human and institutional capacity development professionals and will use these SMEs to assess, develop, design, and deliver the training along with technical experts in the subject areas.

Expected Results

For each subtask we have identified a result that we expect to achieve within the life of the project:

Expected Results 3.1: A leveling of the playing field in international trade transactions that leads to an increase in the volume and speed of trade flows

Expected Results 3.2: A leveling of the playing field in international trade transactions that leads to an increase in the volume and speed of trade flows

Expected Results 3.3: Functional Information Center leads to increased Lebanese exports and fewer rejections at foreign points of entry

Expected Results 3.4: Improved service level and capacity of Customs

Notional Performance Measures

In order to measure the impact of this task, multiple "baseline and a follow up" surveys should be conducted to measure results within a year. Measures of success should include reduced cost/time to import/export, reduced instances of corruption encountered by businesses, increased satisfaction of businesspeople on the availability of information required to import/export.

B4. Task 4: Implement Communications Strategy and Implementation Plan

A well-executed **Communications Strategy and Implementation Plan (CSIP)** that supports all project tasks is critical to success. Strategic communications is the integrated, systematic, and comprehensive approach to developing and planning efforts to inform, persuade, engage, and gain support of key audiences. In the area of business environment reform, it links the vital roles of stakeholder identification, engagement, and participation in the reform process with strategic planning of communications activities to influence behavior and accelerate reform adoption.⁷

⁷ Strategic Communications for Business Environment Reforms: A Guide to Stakeholder Engagement and Reform Promotion, Small and Medium Enterprise (SME) Department, The World Bank Group (October 2007).

Through our work in other countries and our creation of IFC's much-lauded toolkit for business enabling environment reform, we found that business environment reform is difficult due to several key reasons:

- **Poor understanding of reform issues.** Key stakeholders have a poor understanding of the issue and how it affects their own self-interest.
- **Lack of ownership.** The soundest technical design cannot bring about change if those implementing the changes, and who will live with those changes, do not understand, accept, and take ownership in the new policies or regulations.
- **Entrenched special interests.** While reforms may benefit many, they can greatly disadvantage a few who enjoy privilege and can form a very vocal minority.
- **Weak transmission channels from stakeholders to decision-makers.** There may be few institutionalized mechanisms for stakeholders to communicate their wishes to key decision-makers.
- **Inertia.** It takes time to build interest and commitment even if issues are not contentious, governments are willing, and there is broad support for reform.⁸

Strategic Communications Toolkit for BEE Reform

Booz Allen was retained to develop and write a practitioners toolkit for promoting business enabling reform as part of IFC's business enabling environment (BEE) agenda. We conducted rigorous primary and secondary research to develop a practical toolkit for task managers, project teams and development practitioners. We then designed a five-phase approach to communications and stakeholder engagement in BEE reform settings. Five core chapters presented information on each of the phases in an easy-to-read format, complemented by numerous case snapshots, call-out boxes, templates and practical exercises. Full-length case studies examined specific reform initiatives where the use of strategic communications advanced or accelerated BEE reform.

⁸ Ibid.

What Strategic Communications Can and Can't Do

What Strategic Communications <i>Can Do</i>	What Strategic Communications <i>Can't Do</i>
<ul style="list-style-type: none"> • Identify and manage barriers to reform • Help build local ownership through engagement • Contribute to sustainability through ownership-building • Ensure transparency of reform project • Change mindsets, allay fears, and persuade stakeholders of benefits • Build broad public pressure for reform—making it harder for individuals and interest groups to oppose • Ensure that solution design is informed by stakeholder needs and interests, and an understanding of winners and losers of the reform • Deliver a credible, relevant, and compelling message to persuade, educate, and call stakeholders to action • Engage and mobilize stakeholders with little clout, enlist public support, and target decision makers 	<ul style="list-style-type: none"> • Guarantee passage of a piece of legislation or implementation of a reform • Convince all those with a vested interest in the status quo to support reform • Serve as a standalone activity, absent of efforts to build advocacy coalitions as part of a public–private dialogue • Guarantee consensus • Change mindsets and opinions without a trusted messenger • Act as a substitute for local ownership • Act as a substitute for leadership

Strategic Communications for Business Environment Reforms, IFC / Booz Allen Hamilton

Without a comprehensive communications strategy the project will not be able to elicit the behavior change and transparency required for the achievement of the project's goals. In order to have the CSIP support the entire project, we recommend reorganizing *Task 4. Raise Awareness for WTO Accession within the Public and Private Sector* to cut across Tasks 1-3. This Task should be reworded as *Task 4. Implement Communications Strategy and Implementation Plan*. The CSIP and the detailed subtasks of Task 4 will be progressively elaborated as we move through implementation.

Generating public support and understanding for complex legal/regulatory issues is always a challenge. Our vision entails using the project as a communications facilitator for key stakeholders and leaders from the private sector and civil society, and for government champions that embrace reform. Through the use of American and Lebanese Subject Matter Experts (SMEs) we will design communications approaches for each task that will target and engage reform-minded stakeholders to be the pioneers and messengers of needed changes to the trade regime, which in turn will generate broad-based support for the reforms. Open and constructive public–private dialogue, hands-on training, targeted use of the SIF to engage local entities in implementing the CSIP, and workshops for specialized media representatives, are only examples of how the key messages to effect change will be successfully delivered. Consistent, well-

articulated, and factual messaging is crucial to a sustained and successful communications strategy. Because of its importance to our success, the project's Communications and Monitoring & Impact Evaluation (M&IE) Manager will be charged with implementing the CSIP across all tasks of the work plan, with assistance from Booz Allen's home office. The Communications and M&IE Manager will also have project monitoring and impact evaluation responsibility so that the impact of the project will be easily integrated into messaging.

For each task, the project will conduct a thorough stakeholder analysis and identify both internal and external interested parties, who will be key advocates and messengers of sustained change. Public relations representatives from all counterparts will be substantively involved in the stakeholder analysis process, thus establishing direct links with project stakeholders and building sustainability through direct private–public sector coordination. The Communications Manager will work with all partners and recipients in building effective and efficient mechanisms for public outreach programs such as organizing specialized conferences, drafting media briefings and press releases, messaging outputs in all media outlets, and finally instituting a continuing train-the-trainers program for communications specialists and economic section journalists of respected Lebanese newspapers.

We will develop clear messages that call for actions to increase awareness and engagement of key stakeholders in public–private dialogue throughout the policy and regulatory reform process to further advocacy efforts and the implementation of reforms; increase the public's awareness about rights and responsibilities and influence behaviors in order to reduce corrupt practices; and ensure information exchange highlighting expertise, success stories, and results of the reform process.

Upon agreement with USAID/Lebanon on the proposed relaunch of the project, Booz Allen will deploy a communications expert to work with the project team on designing a comprehensive Communications Strategy (CS) tailored to each task and to each stakeholder group within each task. The strategy will be vetted with USAID to ensure that political considerations are fully taken into account. Subsequent to agreement on the CS with USAID, the Communications Manager and the COP will work with the communications expert to create a detailed Implementation Plan (IP) for the CS by task. This CSIP will be a living document and updated on a recurrent basis throughout the life of the project.

Our approach to CS development and implementation goes well beyond creating success stories and brochures. As noted above, we consider communications a critical component of success in all our endeavors. Our approach includes the following steps:

- Identify and prioritize internal and external stakeholders
- Assess current communication practices
- Benchmark communication practices of comparable organizations and identify best practices
- Define and clarify strategic goals and objectives for communicating
- Develop key themes and messages that resonate with each stakeholder group
- Recommend communications channels, mediums and vehicles to deliver tailored messages
- Establish the frequency and timing for message delivery

- Identify and prepare change champions
- Implement the communications plan
- Evaluate the effectiveness of communications activities (messaging, channels, timing)
- Revise and retool communications plan based on feedback

We follow a value-based approach to organizational communications. Our approach integrates best practices that have been identified and adopted in conducting hundreds of communications engagements for international, federal, state, local, and commercial clients implementing change initiatives. All communications work on the project will support a cyclical, phased communications approach:

Analysis: Identify internal and external stakeholders; identify communications vehicles and channels; and determine communication goals and objectives in support of the program's mission/vision.

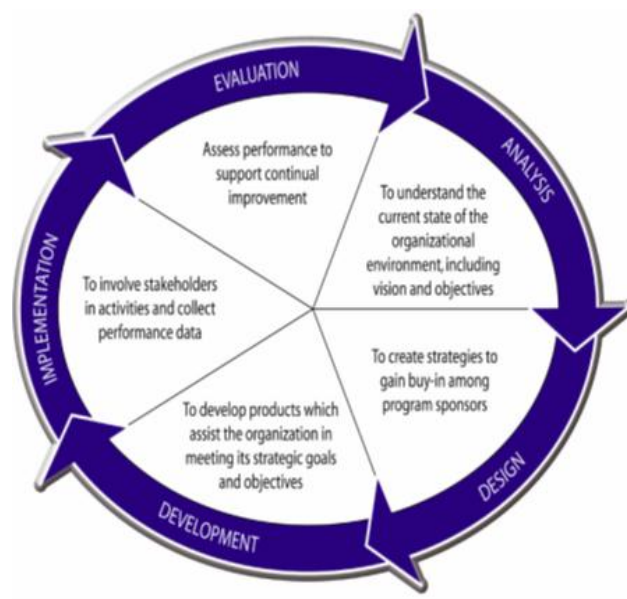
Design: Prepare communications themes, develop key messages, and determine the frequency, timing and methods for delivering messages to stakeholders.

Development: Recommend initiatives, communications tools, tactics, products and vehicles to support organizational messages.

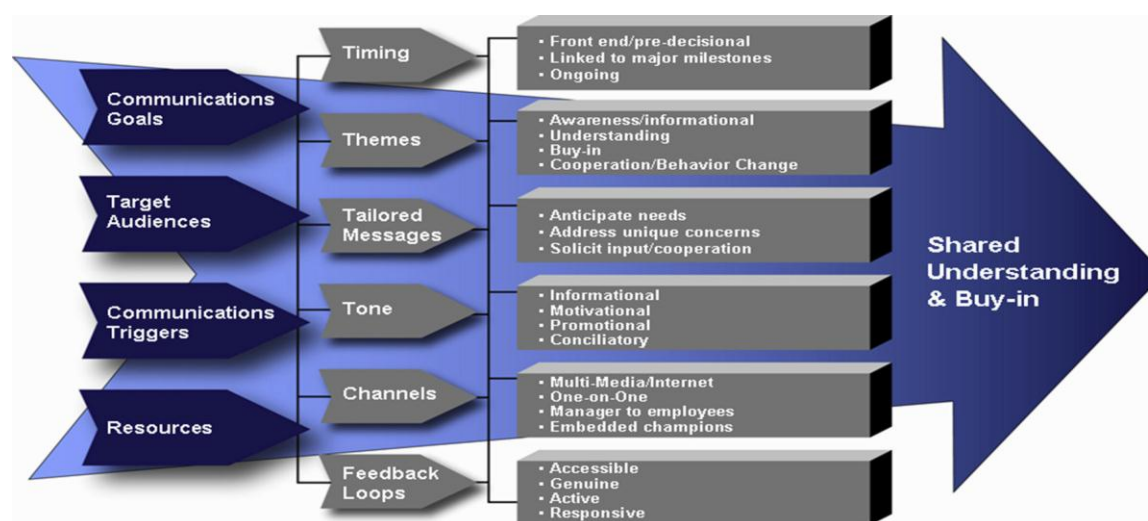
Implementation Plan: Outline timeframe, milestones, and approach for engaging communicators (formal and informal) to execute communications strategy.

Evaluation: Design feedback mechanisms or tools/products to evaluate the effectiveness of communications; document and track key activities in a project plan; participate in program level reviews to document feedback and concerns.

Ongoing Support: Assist with updates to the Communications plan based on evaluation.



Our proven approach to CSIP development and implementation can be graphically depicted as follows:



Based on our experience in Lebanon and our initial analysis of the constraints to Lebanon's WTO accession bid, we have identified an immediate CSIP initiative and we are in discussions with USAID regarding implementation and it is outlined below in Subtask 4.2.

Subtask 4.2 Implement CSIP for Task 2 (notional subtasks as CS not developed)

Through implementation of the CSIP, businesses and civil society (trade associations, think tanks, etc.) will be engaged via the SIF to help implement this task in partnership with the project. As noted in the examples above, part of our CSIP subtasks will include working with and through Lebanese media channels on a targeted information dissemination campaign to inform the public on their rights and responsibilities, alter and/or inform the opinions of key stakeholders so that they are supporting the reforms advocated by the project, etc.

An example of how we've already employed best practices by engaging stakeholders in the development of the CSIP is macro-economic analysis of WTO that we are embarking upon. One of the first things that we do on trade related projects is conduct a high level macro-economic impact analysis of a free trade agreement or WTO accession situation to measure the impact on indicators such as GDP, employment, imports/exports, etc. to discover the effect of the bi-lateral or multilateral free trade arrangement being contemplated. A primary deliverable is a report that summarizes the results of an extensive research and literature review of how similar economies have been impacted after accession to the WTO. As part of this option Booz Allen will usually:

- Identify within the literature countries with economic characteristics that align closely to Lebanon's economy that have undergone a similar process of WTO accession
- Identify the economic outlook of each country pre and post WTO accession
- Determine which characteristics, industries, economic indicators of the country's economy are most likely to be impacted from WTO accession
- Draft a detailed report identifying the expected economic changes as a result of accession to the WTO, using as predictors other member countries that have undergone a similar process.

Our approach to this work has been to work with local partners to produce the analysis so as to transfer knowledge/know-how and provide the best information available so that the public can make informed judgments on the pros/cons for joining the WTO or opening markets by altering the trade regime. Information from the report will be used to develop messages for target audiences through the best channels reaching them. For instance, if the report yields certain information that we feel is important for farmers to take into consideration in forming their opinions we will use the techniques from Section II.B to reach them.

We have included this activity under Task 2 since a better informed public (private and public sectors and civil society) will be better able to create a sound legal and regulatory environment for trade. We recommend undertaking this type of analysis immediately and not waiting for a full CSIP to be developed. As we design the CSIP to support Tasks 1 and 2, the subtasks will become more specific as we target key stakeholders through the processes outlined in Section II.B.

Expected Results 4.2: Public/Private sectors and general public more knowledgeable about rights, responsibilities, and available tools for the creation of a competitive trade regime (to be refined after CSIP developed)

Subtask 4.3 Implement CSIP for Task 3 (notional subtasks as CS not developed)

Through implementation of the CSIP, businesses and civil society (trade associations, think tanks, etc.) will be engaged via the SIF to help implement this task in partnership with the project. As part of our CSIP, subtasks will include working with and through Lebanese media channels on a targeted information dissemination campaign to inform the public.

Expected Results 4.3: Public/Private sectors and general public more knowledgeable about rights, responsibilities, and available tools for the creation of a competitive trade regime (to be refined after CSIP developed)

B5. Strategic Initiatives Fund (SIF)

The \$400,000 SIF will issue subcontracts to advance project objectives by providing targeted support to institutions, private sector partners, and NGOs to work in partnership with Booz Allen to implement the annual work plans and enhance the sustainability of our efforts. To this end, and to the extent practicable, recipients will be required to cost-share at least 25% in the 2nd year of the project and 50% during the 3rd and final year. Cost sharing may be in the form of in-kind contributions. We will assess each use of the SIF for cost sharing opportunities.

For the implementation of each task, project management will analyze from a development perspective where we can engage local entities to help with implementation. For example, we have determined in Task 2 that two types of partners required. One, the Implementing Partner, will need to administer the working groups over a two to three month period and another may provide local technical experts that will work with experts to analyze the NTM by creating cost benefit analyses in a collaborative/teaching manner with working group members. We write a SOW for each service and issue an RFP under the SIF that seeks implementing partners. The project team will include evaluation knowledge of subject area, knowledge of stakeholders involved and demonstrated ability into the evaluation criteria of the SIF RFPs.

Another example of the SIF in action comes from the implementation of the CSIP. The CSIP will support each task and detail media channels to use for delivering the message. We will draft

SOWs for one/many channels (depending on the situation) and issue an RFP under the SIF. The amount of funds for each procurement may be small, such as coverage of WG meetings, or large if the message is to be delivered to the target audience using television or a *city lights* campaign.

The operation the SIF for the procurements will follow the following procurement rules:

Procurements under the SIF

As Booz Allen Hamilton is a US Government contractor, the Project is required to conduct its activities in a manner that is consistent with USAID and US Government-wide laws and regulations, in particular Federal Acquisition Regulation (FAR) and AID Acquisition Regulation (AIDAR).

The Finance and Administration Manager (F&A Manager), with support from the home office and the COP is responsible for managing all procurement procedures: solicitations, competition, review of proposals (with the participation of technical staff), analysis of cost proposals, negotiation with subcontractors, VAT exemption, drafting of the final SOW and contract, obtaining signatures from subcontractor and home office, and contracts administration, i.e. to ensure that the terms of the subcontract are being executed and deliverables met, and making payments based on accepted deliverables. It is Booz Allen standard procedure to put a procedures manual in place which will provide clear guidance to the field office. In addition, all subcontracts are reviewed and approved by the home office project management and subcontracts specialist before they can be finalized and implemented.

Policies and Procedures for Solicitations

All procurements will be:

- open and transparent
- fully documented
- meet all USAID and Booz Allen Hamilton procurement regulations and requirements
- provide the maximum value and cost-effectiveness

In order to achieve these objectives, the following policies and procedures will be followed for all procurements under the SIF.

1. Solicitations will be publicly announced using the project's Solicitation Announcement Form.
2. Detailed solicitation documents must be prepared by the appropriate staff member and approved by the COP. An estimated budget for the activity, using a format provided by the F&A Manager, must accompany the request for approval
3. All solicitation announcements must be submitted to the Project Director through the Office of Finance & Administration. Announcements must be submitted in English and approved by the COP prior to publication.
4. After the COP approves the solicitation it is the responsibility of the F&A Manager to ensure that it is announced properly (i.e. press, email, fax, etc.).
5. When and where appropriate, all potential bidders must be invited to attend an informational meeting to insure full and fair competition and to improve the quality of the

resulting proposals. A summary of the discussion should be distributed to all the bidders, particularly to any organization(s) unable to attend.

6. Technical evaluation will be conducted by a panel of not less than 4 individuals. The COP or his/her designee will chair all selection panels. Cost evaluations will be conducted by the F&A Manager and the home office Project Manager or a designee. Final selection of the winning proposal(s) will be based on the best combination of technical merit and cost as established in the original solicitation.
7. The evaluation process will be fully documented by the F&A Manager.
8. If a SIF activity warrants a purchase order (Work Order) it will be executed using Booz Allen Hamilton approved forms and only after completing the appropriate Booz Allen Hamilton review and approval process. Any Purchase Orders (Work Orders) over \$25,000 have to be reviewed and approved by Booz Allen Hamilton prior to execution.

Solicitations and tenders shall **not** be used unless the project is procuring services or goods on a competitive basis. (For the Purchase Orders/Agreements exceeding \$2,500, at least three potential suppliers must be solicited). All other project activities and events shall only be advertised or announced to a level sufficient to insure that all potential interested parties have been notified. Any criteria for participation should be clearly stated in the advertisement or announcement or made available upon request.

Simplified Acquisition Procedures

Simplified Acquisition Procedures are defined as acquisition or procurement under \$100,000. USAID and Contractors cannot solicit quotations based on personal preference or restrict solicitation to suppliers of well-known and widely distributed makes or brands.

Based on US government standards for the level of competition that must be undertaken depending on the cost of the procurement, the project's simplified acquisition policies are:

- all procurement requests over \$500 must be approved by the COP;
- for procurements under \$2,500 obtaining 3 quotes is recommended;
- for procurements between \$2,500 - \$4,000 selection criteria should be established, obtaining 3 written quotes is required, a bid comparison matrix should be created, detailing the reasons for selection;
- for procurements between \$4,000 – \$100,000 – selection criteria should be established, and review committee should be organized, , issuing of a formal request for proposal (RFP) is necessary and review committee should be organized, a bid comparison matrix should be created;

Any procurement over \$10,000 must be approved in advance by the Booz Allen Hamilton home office.

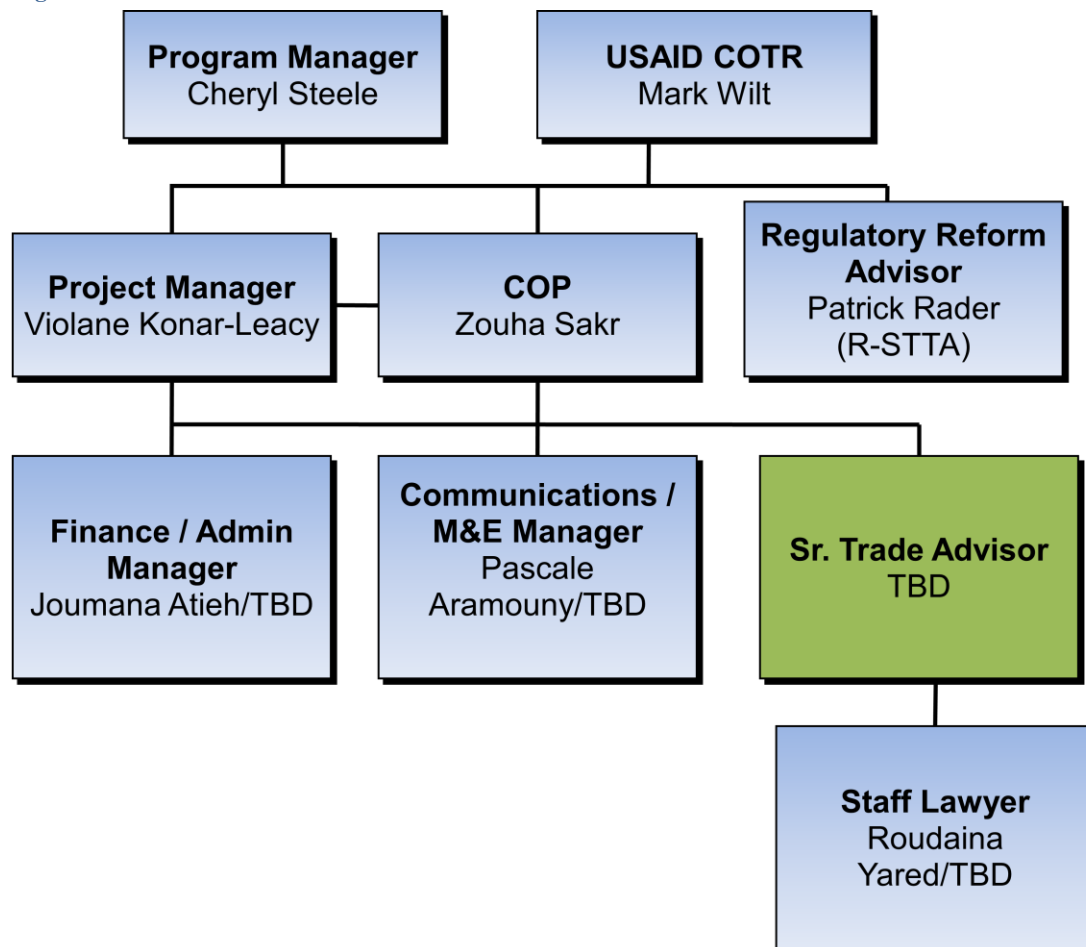
III. Tasks and Outputs January 2011 – December 2012 and CY11 Work Plan

The illustrative tasks and subtasks elaborated below reflect the information presented in Section II.

IV. Staffing and Management Plans

Lebanon represents a complicated development challenge, especially given the collapse of the government and the overall climate in the Middle East. The economic and geopolitical importance of this challenge will only increase over the years to come. While Lebanon's reforms over the past ten years are commendable, there is still much to be done to improve the competitiveness of the private sector and improve the trade related business enabling environment. Moreover, the GOL has insufficiently translated policy and legal reform into tangible results felt by entrepreneurs and citizens at the local level. The project will work to address this issue with our COP and the leadership team in the home office that can propel active, reform-minded organizations and individuals at the national level to lead Lebanon forward. This section describes our personnel qualifications and staffing plan, including management approach. To achieve the project's goals moving forward, we have carefully chosen to enhance our existing staff through the addition of a long term Lebanese expert and sustained short term assignments from our home office. Our organizational structure is depicted in the figure below.

Organizational Chart



A. Staffing Plan

Chief of Party, Zouha Sakr. Ms. Sakr has led the project of the past year. Ms. Sakr is the most senior technical representative of the project and will act as the primary point of contact with USAID/Lebanon and is responsible for directing and managing all project tasks and overseeing the work of SIF recipients. As COP, Ms. Sakr is responsible and accountable to USAID for delivering all results, fulfilling reporting requirements, managing all international and Lebanon staff and subcontracts, and ensuring financial and regulatory compliance for the field operation.

Senior Trade Advisor, TBD CCN. Ms./Mr. Senior Trade Advisor will be the right hand of the COP. She will be responsible for coordinating and leading subtasks across all tasks, especially the management of the WGs of subtask 1.1 and 1.2. She will also have responsibility for drafting SIF SOWs with assistance from the Chief of Party and the Technical Advisor. She will be senior, dynamic, known/respected in the business community, and able to lead senior government and private sector officials in workshops, analysis of regulations, and other initiatives. This individual will be supported by Ms. Roudaina Yared, Staff Lawyer.

Communications/M&E Manager, Pascale Aramouny / TBD CCN, will be responsible for the CSIP, managing the M&E functions, and incorporating results into messaging. Ms. Aramouny will report directly to the COP. The Technical Advisor and SMEs from Booz Allen's home office will also provide support.

Finance and Administration Manager, Joumana Atieh / TBD CCN, Ms Atieh will be responsible for assisting the COP in following four aspects of the project:

Financials: maintenance of proper financial accounting in compliance with USAID, Booz Allen Hamilton as well Lebanese law; deliverance of financial reports; implementation of internal controls; budget preparation and analyses.

Human resources: staffing; personnel orientation; promotion; payroll calculation; timesheets processing; internal policies development.

Subcontracts: solicitation process management; contracts preparation; management of relationship with vendors, subcontractors, recipients of technical assistance.

Administrative and logistic support: project registration; procurement; property management; IT support; secretarial and clerical support; transportation; events logistic support

She, along with the COP, will work with Violane Konar-Leacy, the home office Program Manager, on the implementation and administration of the SIF.

Technical Advisor (recurring STTA), Patrick Rader. On an ongoing basis, Mr. Rader will be a part of the project management team and responsible for helping the COP re-launch the project and sustain momentum by providing overall guidance and implementing key subtasks that are critical for winning early local support required to establish a quick start and sustained momentum. Mr. Rader's multi-region project design and implementation experience in the public and private sectors of developing countries and countries-in-transition provides him with a unique ability to analyze multifaceted development challenges and provide innovative, custom-made solutions. He is often sought out to turn around projects that are not functioning optimally or require a redesign due to unforeseen circumstances. He is an experienced senior technical manager, economic development practitioner and competitiveness, legal and regulatory reform expert with more than 18 years of experience managing successful economic development efforts at the local and national levels.

Project Manager, Ms. Violane Konar-Leacy. Based in the home office and with intermittent trips to Lebanon, Ms. Konar-Leacy will be responsible for the overall finance and administration and oversight of the SIF through coordination with the COP. She will be responsible for ensuring

that all tasks are carried out in strict accordance with program goals and USAID regulations. Ms. Konar-Leacy is a certified Project Management Professional and has more than 20 years of international development experience focusing on trade, investment promotion, competitiveness and economic analysis, and additional experience with mobilization, financial management, staff hiring, local subcontract oversight, USAID branding, project design and implementation, work planning, reporting, and project monitoring.

Program Manager, Cheryl Steele. Ms. Steele is the senior manager with overall responsibility for the project and will provide advisory services on an ongoing basis. Ms. Steele has more than fourteen years of professional experience in the areas of foreign policy, organizational design, and strategic and policy planning. Since 2007 she has overseen our work in Lebanon and is in the unique position to provide sound advice to the team based on lessons learned.

With the assistance of this team and the private sector and civil society engaged through the SIF, Ms. Sakr will ensure that the project is fast and flexible, and will coordinate the work of the two primary tasks. Subproject teams (including non-project entities engaged through the SIF) from across the two active tasks will be assembled and assigned to implement sub-tasks. The Communications Manager and the home office Program Manager, responsible for the SIF, will also be represented on teams and included on communications. Thus, while the COP will have responsibility for achieving project results, the entire Booz Allen team and Lebanese organizations will be helping her. She will meet weekly with all members of her team in order to review work plan progress against milestones, issues affecting implementation, or opportunities that have surfaced or been created that require a response.

B. Project Management Approach

A staffing plan and organizational chart alone do not by themselves guarantee that a project will be managed effectively. Proper management is especially important for a project that must navigate the volatile political landscape of Lebanon. We believe that this is an important aspect of successful projects and should be highlighted. Our approach is based on project management best practices and our history of providing excellent service to a wide range of USG entities. Ms. Konar-Leacy is trained in project management best practices and is a Project Management Institute (PMI)-certified Project Management Professional (PMP). She will use the Booz Allen Project Management Lifecycle as the framework to help the COP deliver products and services to USAID on time, within budget, and to the contracted scope. This paradigm is divided into five phases and based on the eight PMI knowledge areas.

Initiating and Planning. In the “initiating” and “planning” phases of the relaunch of the project, the COP will create:

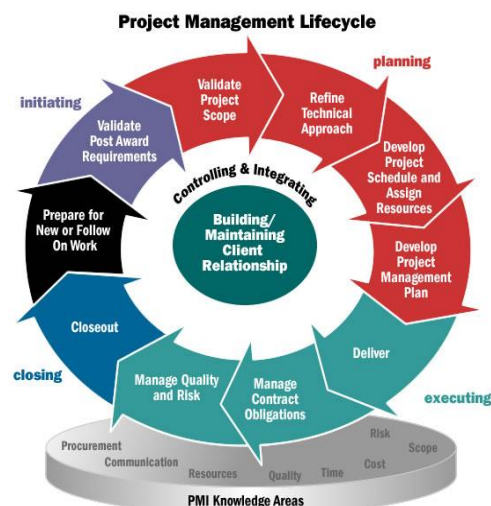
- A baselined integrated master schedule inclusive of all contracted tasks
- An initial detailed budget for year 2 and projection for year 3 (see Section V. Budget)
- An action item tracker (to include the action, owner, deadline and status), and an issue/risk log (inclusive of the issue/risk, likelihood, impact, and mitigation approach).

In accordance with project management best practices, she will produce a quality control plan which will set the standard for our deliverables and describe the mechanisms we will use to ensure deliverables meet or exceed that standard.

Executing. In the “executing” phase, we will maintain the foundational documents described above. We will also likely continue the standing weekly meeting with the COTR. These meetings (in person or by phone) are intended to be a quick tag up when work is progressing according to plan and a regular opportunity to address any emerging issues, concerns, questions, or changes to our assumptions and/or work plan.

Controlling & Integrating. While in implementation, we will carry out the quality control plan referenced above. We will also provide progress reports to be delivered at the conclusion of each significant task or at other intervals required by USAID. These reports will likely include current schedule and budget information as well as updated action items, issues and/or risks, as applicable. A joint review of these reports will ensure we have successfully fulfilled the requirements of the current tasks and are on track to accomplish new task(s).

Closing. At contract closing, the COP will facilitate a formal close out session in order to collect and document any and all lessons learned and gathered during implementation of the project. These lessons will inform other projects operating in the region and any follow-on projects. During close out, the COP will also ensure that all deliverables are final, all action items, issues and risks have been closed, all invoices have been delivered, and the COTR has no questions or concerns.



V. Performance Monitoring Plan

A. Overview

The illustrative Performance Monitoring Plan (PMP) demonstrates how we will monitor and evaluate the project's progress towards expected results over the life of the project. This plan and the resulting Monitoring and Impact Evaluation (M&IE) system will guide implementation, help allocate resources, and adjust activities. It will also support reporting requirements necessary to monitor results attributable to the project activities. The Plan will clarify and focus project objectives; serve as an early warning system, forecasting, and reporting tool; promote regular discussions pertaining to project scope and direction; and aid in effective management decision-making. We emphasize the need for a flexible implementation approach that will allow us to pursue consistent objectives throughout the project, while being able to adapt to a changing environment in Lebanon and the changing needs of USAID, the Department of State, and Congress.

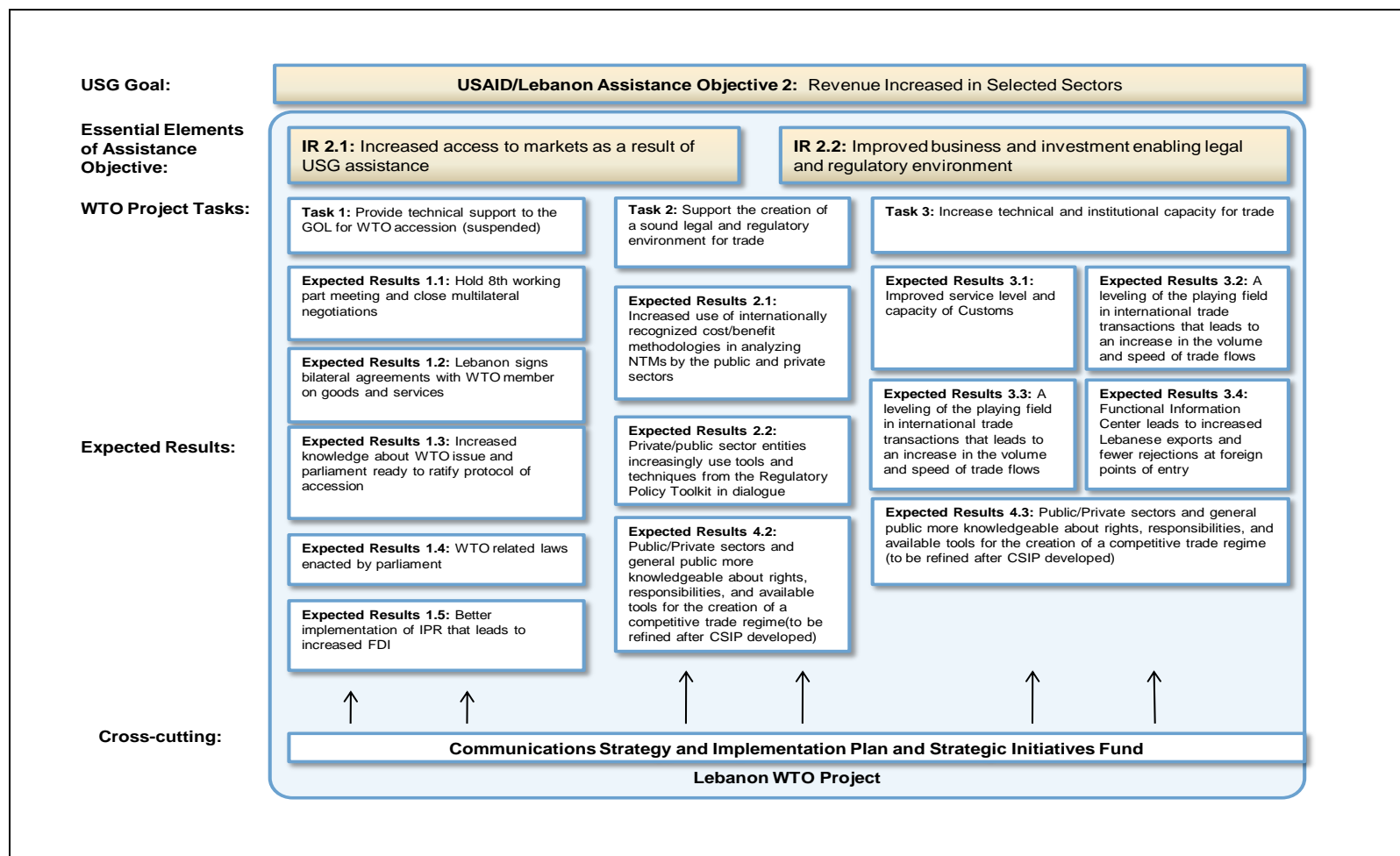
A continuous flow of information from a rigorous monitoring and analysis system will inform the implementation process to maximize impact and results. Additionally, the PMP will not only ensure that we deliver documented results and control for potential programmatic risk, but it will also help build performance management capabilities and discipline within the targeted Lebanese businesses, partners, and other stakeholders (as well as our own local project staff). The PMP is a living document and will be refined and adjusted during the initial implementation phase of the revised project, to verify the results framework, performance outputs and impact indicators, and critical assumptions.

Together with USAID, we will finalize the PMP within 30 days of contract modification. Once we have reached a consensus on final indicators, data sources, collection processes, and communications methodologies, we will finalize the PMP and move quickly to implement the plan.

B. Results Framework

Figure A-1 shows the project-level results framework. The PMP is designed to track performance in all three levels. The first level is related to the USAID desired results as stated in the Mission's performance framework.

Figure A1. Project-Level Results Framework



C. Implementing Performance Measurement and Evaluation

We will integrate measurement and evaluation in parallel with project management activities throughout implementation and continuously track and report on the results. Prior to implementation, we will determine data sources, data collection schedules and methods, and reporting requirements and formats. The components of a measurement and evaluation plan are addressed below:

Figure 5. Measurement and Evaluation Components

Elements	Explanation
Data Sources	Data sources are required for each indicator. For macroeconomic and financial measures, this may include monthly and quarterly data compiled by government sources, International Monetary Fund (IMF), and World Bank reports. In some cases, this will require the project team to capture data through activities such as routine reporting at the project level, querying counterparts, conducting surveys, and others.
Accountability	The roles and responsibilities of those involved in measuring data are clearly defined, with distinctions made for collecting and evaluating data. Much of the monitoring activity will require that team members capture data, and senior Social Impact and the project leaders undertake evaluation activities.
Frequency of Measuring Outcomes	The frequency of measuring outcomes will be based on the implementation time frame. Some completed task may not produce results for several quarters although others may show more immediate results. Consequently, a goal may include both leading and lagging indicators. Indicators are established based on assumptions of when results are anticipated.
Reporting	The overall monitoring and evaluation process will generate reports on a quarterly, semi-annual, and annual basis. This will include reports for USAID that address progress against indicators and identify issues for resolution. Communication plans will also include efforts to increase awareness of project successes.
Evaluation Review Process	A schedule for evaluation activities will allow for regular meetings and report reviews to assess progress in reaching targets. This will include meetings with counterparts, including periodic pulse checks with USAID and other donors, local firms, and business associations.
Evaluation Methodology	A dashboard methodology will be used to measure progress against targets, calculate the variance from the target, and assess whether the program is behind schedule and requires intervention. The review teams will determine whether to classify the status as red, yellow, or green, and whether action is required to ensure progress.
Corrective Action Plans (CAPs)	The areas designated in critical or red status will require intervention. CAPs will be used to identify causes for failure to reach targets, develop a strategy to produce results, and develop a process and timeframe for modifying activities in order to achieve intended results.

D. Guiding Principles

We have found that the following guiding principles are effective in designing and implementing PMPs for USAID projects:

- Engage the client and counterparts in developing the PMP

Involve USAID and counterparts in the selection of indicators and desired targets;
Engage counterparts and other interested parties in devising strategies for collecting and sharing data to measure progress;
Collect data on a pre-determined schedule; train local institutions to collect and analyze monitoring and evaluation data (where applicable); and
Provide collated data results to USAID and counterparts as a platform for confirming or revising strategies as necessary.

- Collect only essential data

Track and collect data only on the key variables only;
Collaborate with other interested parties and international donors to share data and avoid duplication of effort;
Minimize burden on participants, allowing them to focus on organizational issues; and
Build on and/or integrate with performance data and reporting formats already used (e.g., for congressional reports, FACTS database, etc.).

- Use both quantitative and qualitative data to obtain complete picture

Indicators of quantitative impact are necessary, but not sufficient, to monitor and evaluate impact of USAID initiatives;
It is often difficult to differentiate project impact from other factors affecting competitiveness and industry growth if only quantitative impact is considered; and
A blend of quantitative and qualitative information helps explain how the interventions have led to quantitative results and allows for better attribution of results and understanding of the real impact of USAID interventions versus other variables.

Figure 6. Indicator Criteria

What constitutes a good indicator?

- Emphasizes progress toward accomplishing strategic goals and objectives;
- Links goals/mission to plan at the strategic, operational, and individual (managerial/employee) levels;
- Easy to understand, applicable across project, and supported by obtainable data;
- Meets the “SMART” test – Specific, Measurable, Actionable, Results-Oriented, and Timely;
- Creates appropriate incentives (not easily “gamed”);
- Speaks to cross-project activities and can be “rolled up”;
- Lends itself to target setting and interim variability (should not just answer a “yes/no” question); and
- Exhibits high use-to-cost ratio

What constitutes a good set of indicators?

- Result and output targets; and
- Activity categories (e.g., customer, accountability, internal process, learning, growth).
- “Critical few” rather than the “messy many”; and Balanced across various dimensions

E. Performance Indicators

Once the monitoring priorities are confirmed and verified with USAID’s mission and strategic objectives, we will establish and define the appropriate indicators, measures, and targets. We will take into account past (historical) and present (current conditions) performance to set effective goals and targets. After approval of this document, we will prepare a Performance Monitoring Indicator Table that summarizes the desired results, indicators, and targets for the project.

F. Definitions and Data Sources

Detailed definitions for each performance measure and indicator will be drafted and agreed upon in consultation with USAID. Our experience in performance management in both the commercial and government sectors indicates that measures should not only be identified and agreed upon, but also clearly defined. This facilitates effective communication and understanding among all those in the project who need to use or apply the measures.

G. Methods of Data Collection

The best data collection systems are designed to be simple: necessary and sufficient information is collected and provided at the appropriate cost and frequency. To best monitor progress throughout the project, we will collect data in a consistent manner and store it on a common drive. Behind each quantitative figure will be an opportunity to annotate the entry to provide additional relevant information. The database will include links and access to research, progress reports, and performance indicators that will be referenced by the members of all project teams. The structure will ensure availability and accessibility of important documents both during and after the project. When appropriate, we will share this organized data collection and storage system with local firms and partners. This will assist them in building a foundation for a viable knowledge management system to help manage change in the future.

The first step is to collect baseline data. Where such data does not exist, we will establish baselines based on early project outcomes/results and use those over the course of the project.

Booz Allen will initially verify data quality and then assess it after one year.

We will use a variety of data collection methods and collection points to attain the most relevant and high-quality data with the most effective use of resources. Methods may include, but are not limited to the following:

- Analysis of counterpart organizations
- Sector surveys
- Rapid, low-cost “flash surveys”

- Observation
- Official sources
- Media
- Interviews and questionnaires
- Focus groups
- Initial and ongoing gap analysis
- Benchmark data from national or international industry sources
- Research from national and international sources, including sector specific
- Documenting current and future processes.

Data sources will include primary (real time, collected by project) and secondary/historical. Where reliable secondary data sources already exist, we will use them as a first choice. Secondary sources may include the *World Economic Forum's* annual *Global Competitiveness Report*, *World Bank's Doing Business Report*, the US Embassy, GOL ministries, the EU, UNDP, the World Bank, and even local non-governmental organizations (NGO) and businesses. Thus, in some cases the data will be collected by project personnel, in other cases it will be collected by subcontractors or other secondary sources. In instances where project personnel are charged with collecting the data, project leadership will ensure that staff understands the following:

- Purpose for the data collection
- Process and method of data collection
- Frequency of data collection
- Location and process for entering and storing the data.

H. Planning and Assessment

H.1 Project Management Structure and PMP Process

Our process for monitoring performance consists of two baseline and four iterative steps. The baseline steps are:

1. Set performance and monitoring priorities
2. Establish targets and measures.

The baseline steps may still be refined or changed over time. The iterative steps are—

1. Collect data and measure performance
2. Analyze data

3. Review results
4. Take corrective or other actions as appropriate, including making changes related to the baseline steps.

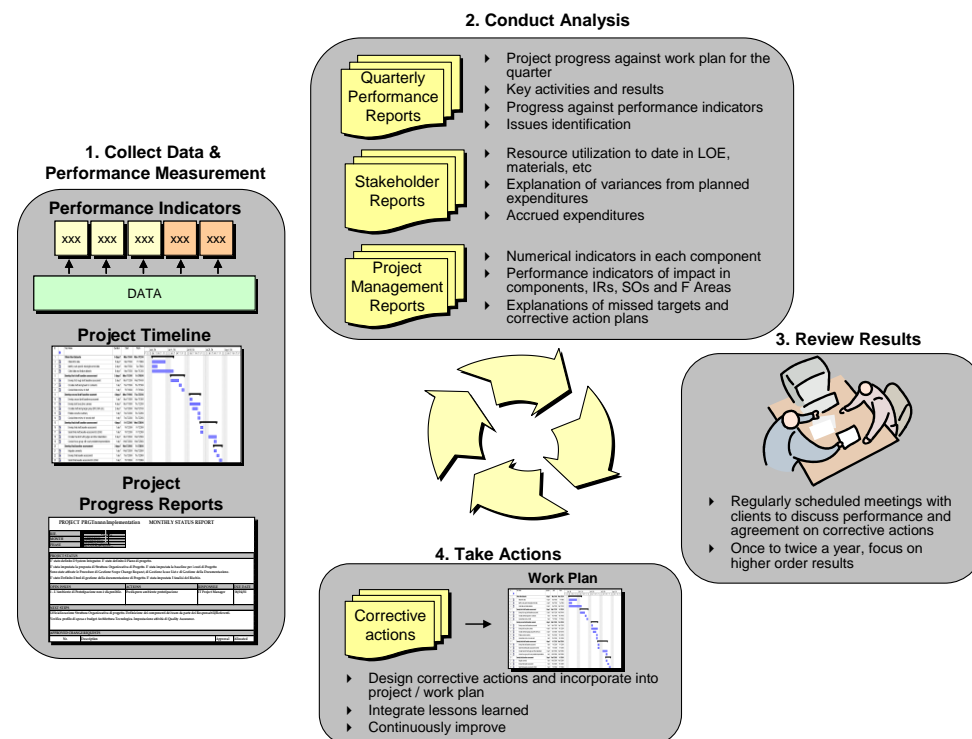
As noted above, performance monitoring priorities are based on the Mission's strategic priorities and desired results. We will establish targets, indicators, and measures in conjunction and in agreement with USAID. We will measure performance using data collection methods described in above. Once data is collected, we will integrate and analyze it. We will review performance results with project staff, USAID, and project partners as appropriate. Required actions will be agreed and acted upon accordingly.

We will allocate the responsibility for executing the PMP in the following way:

- Chief of Party will have the overall responsibility for the PMP and will ensure that all responsible parties fulfill their roles. The Chief of Party will also arrange for a periodic update of the PMP, as well as a reiteration of the baseline steps;
- The Communications/M&E Manager will collect and enter all data from sources outside the project on a daily basis and will review and ensure consistency and basic accuracy of all entries. She will assess outliers or questionable entries in more detail and will also compile the main reports that go to the Mission and to project management to gauge performance;
- The Senior Trade Advisor will be responsible for continuous data entry, including entering all program activities and monitoring capacity and sustainability indicators through counterpart organizations; and

The figure below illustrates the PMP Process.

Figure 7. The PMP Process



H.2 Feedback Mechanisms

An effective performance management system must provide feedback to management and staff in as short a period of time as possible. The lag time between specific work, actions, and tasks undertaken and the receipt of information about the results or impact of those actions should be as short as possible. Some strategic indicators may only be measured quarterly or annually. By the time such results are received, they may be no longer relevant or it may be too late to take corrective actions. Capacity and sustainability indicators, though sometime more qualitative, can help to fill this gap and provide important project performance feedback.

Collected and analyzed performance data will be made available to the whole project team via a network-based application such as Microsoft Access, SharePoint, Windows Live, Dropbox, etc. Key performance indicators will be compiled, contrasted against project goals, and distributed to all staff on a weekly basis.

H.3 Data Quality Assessment

Periodic assessments of data quality will be conducted at least once a year. Assessment will ensure that proposed indicators meet USAID data quality standards for validity, integrity, precision, reliability, and timeliness.

Appropriate standards for data quality must be in place for use in the data collection process. This ensures that reporting is accurate, and also that data is of most use to counterpart organizations and firms who may rely on it for benchmarking or other purposes. Qualities and limitations must be well understood. In order to measure and attribute results accurately for both reporting and management needs, the M&IE Specialist will ensure that collected data meet certain standardized evaluation criteria.

H.4 Reporting and Reviewing Results

Although measurement periods are defined for the purpose of taking a snapshot of results, performance management is an ongoing process. Deliberate and conscientious feedback discussions mark certain performance levels at a point in time, but the objective is continuous improvement. The principle of incompleteness, therefore, is a useful one to keep in mind relative to performance management: the work of developing the performance of organizations, groups, and individuals is never finished.

In addition to our internal status reports that will help us monitor progress toward project milestones; we will consult with USAID to establish the timing and format for reporting on the impact of program activities. The reporting of our results, which we will submit no less frequently than quarterly, will demonstrate how the project supports USAID's strategic objectives in Lebanon.

H.5. Data Analysis

For each performance indicator, we will establish and agree upon in advance the frequency and schedule of data analysis. In some cases, the data analysis may be conducted by the project team members doing the work. In other cases it may be conducted by other project team members such as monitoring and evaluation or database specialists. Booz Allen will use the method that involves the most efficient use of resources and produces the highest quality analysis (in terms of accuracy, timeliness, etc.).

Booz Allen will ensure that the appropriate data tools and technology support are in place to assist project staff with their data collection, reporting, and analysis needs.

H.6 Information Integration

We will integrate information on performance results from the various project components to provide project leadership and USAID with user-friendly "dashboard" summary reports. The key is to take a systemic approach in understanding how the various project components align and impact one another. There must be clear line-of-sight from the performance data to the strategic goals of USAID.

Booz Allen will ensure that the database used for storing and analyzing performance data can produce user-friendly reports in real time and/or at appropriate intervals. For reports to USAID, we will agree upon the best format with the Mission to ensure we are

providing all the necessary information in a timely fashion and assisting USAID to meet all internal reporting requirements. We understand those requirements may change over time; our iterative process and database design will take into account that flexibility and have the capacity to alter metrics, collect new data quickly (using flash surveys, for example), and change reporting formats.

H.7. Review Meetings

In addition to regular, periodic meetings with USAID, project staff will establish a process to review and discuss project performance on a regular basis. Short, small-group meetings might be held weekly to address immediate performance challenges. On a monthly basis, all staff responsible for implementing programs in a results area will meet to discuss progress, problems, viability of strategy and tactics, and remedial actions, which may include proposing entire new strategies. Progress on the PMP will be the centerpiece of the discussions and will guide all decisions.

H.7 People

People are the core of a high-performance organization. Booz Allen senior leaders, such as Patrick Rader, our proposed long term technical advisor, are committed to excellence and client service and understand the importance of monitoring, measuring, and managing performance. Our project staff will have the support, training, and resources they need to implement an effective PMP. Project leadership will ensure that all project staff is familiar with the PMP and their specific accountabilities therein. We will clearly communicate overall project results and goals to staff. Moreover, we will involve staff in setting and defining measures, determining data collection and analysis methods, and reviewing results. We will provide training as necessary. We will share lessons learned and successful performance monitoring practices across the project with the goal of continuous improvement.

VI. Budget

The revised budget projections that arise from the proposed work plan will be developed once there is agreement with the Mission on the tasks, subtasks and staffing approach outlined in this document. In all cases, the project will manage to the award ceiling of the original contract.